

# WALL STREET REFORM & CONSUMER PROTECTION

*“There’s a new sheriff in town to protect America’s working families and small businesses from the worst practices of unscrupulous Wall Street banks. For too long a culture of deregulation and lax oversight put our entire economy, millions of jobs and our retirements at risk during the depths of the Great Recession. In 2007-2008 alone, the value of American’s private retirement accounts dropped by \$2.8 trillion and their overall net worth plummeted by \$11.8 trillion. Today’s Wall Street Reform puts an end to that lawless culture and will usher in a new era of accountability and transparency for the American people .”*

**- Rep. Xavier Becerra (CA-31), July 21, 2010**

Years of deregulation and lax oversight of unscrupulous Wall Street banks cost us 8 million jobs during the current Great Recession. The new Wall Street Reform and Consumer Protection law, passed by the Democratic-led Congress and signed by President Obama on July 21, 2010 will:

- Protect families’ retirement funds, college savings, homes and businesses’ financial futures from unnecessary risk taken by CEOs, lenders, and speculators
- Put a stop to predatory lending abuses and industry gimmicks hidden in fine print
- Inject transparency and accountability into a financial system run amok

## THE MELTDOWN

For eight years, the previous administration looked the other way as unscrupulous Wall Street banks exploited loopholes, gambled with our money on complex schemes, and rewarded failure. America's working families and small businesses paid the price. As a result, we lost 8 million jobs and \$17 trillion from our retirement savings and net worth.

### TOUGH CHOICES

This Congress and President Obama have made tough choices to bring our economy back from the brink of disaster. The Recovery Act has already saved or created as many as 3 million jobs and much of the TARP has been paid back. And now we are taking another key step forward with the enactment of the Wall Street Reform and Consumer Protection Act.

## What Wall Street Reform Means for You

Watch a short video synopsis of what Wall Street Reform means for you (courtesy of the White House):

Watch Rep. Becerra discuss the Consumer Protection Bureau, a key provision of the new law:

- **Creates a new Consumer Financial Protection Bureau to protect families and small businesses by ensuring that bank loans, mortgages, and credit cards are fair, affordable, understandable, and transparent.** We currently have rules that keep companies from selling us toasters that burn down our homes. We should have similar rules that bar the financial industry from offering mortgage loans to people who can't afford repayment.
- **Ends predatory lending practices** that occurred during the subprime lending frenzy.
- **Shuts down "too big to fail" financial firms** that get into trouble before they threaten to bring down the entire economy.
- **Institutes new procedures to wind down failing companies** that pose the greatest risk – paid for by the financial industry and not the taxpayers.
- **Tough new rules on the riskiest financial practices** of companies that gambled with your money and precipitated the financial crash, like the credit default swaps that devastated AIG, and common sense regulation of derivatives and other complex financial products. Includes a strong "Volcker rule" that generally restricts large financial firms with commercial banking operations from trading in speculative investments.
- **Tough enforcement and oversight** with:
- More enforcement power and funding for the **Securities and Exchange**

**Commission**, including requiring registration of hedge funds and private equity funds.

- Enhanced oversight and transparency for **credit rating agencies**, whose seal of approval enabled excessively risky practices that led to a financial collapse.

- **Reins in egregious executive compensation and retirement plans** by allowing a 'say on pay' for shareholders, requiring independent directors on compensation committees, and limiting risky bank executive pay practices that jeopardize banks' safety and soundness.

- **Audits the Federal Reserve's emergency lending programs** from the financial crisis and limits the Fed's emergency lending authority.

- **Tackles the foreclosure crisis** by creating a \$1 billion neighborhood stabilization program to help States combat home foreclosures, a \$1 billion bridge loan program that provides mortgage relief for qualified unemployed homeowners and authorizes HUD to administer a grant program to provide foreclosure legal assistance.

### LEARN MORE

- [The Top 10 Things You May Not Know About the Wall Street Reform and Consumer Protection Act](#)
- [Read the Dodd-Frank Wall Street Reform and Consumer Protection Act](#)
- [Read a summary of the legislation on the Financial Services Committee website](#)